

# Automotive industry

SYNTHESIS | JANUARY 2022

## HOW TO RESPOND TO THE CHALLENGE OF A JUST TRANSITION?



### OUR PLAN FOR JOBS AND THE CLIMATE

#### Car sector

including mechanical, plastics, rubber and tyre subcontractors, temporary workers and jobs in engineering and the wider sector



**400,000**  
jobs

#### Engine sector

including temporary workers and employees manufacturing engines, transmission systems and power electronics

**85,000**  
jobs



Fondation for nature and Mankind and CFDT Métallurgie have analysed employment figures in the french engines sector, which accounted for 57,000 jobs in 2019. This sector is an essential part of the automotive industry as a whole, which itself provides some 400,000 jobs. We explored some potential futures for the sector, looking at 4 different scenarios. Only one allows us to reconcile jobs and the climate, which we call the 'just transition' scenario.



FONDATION  
POUR LA NATURE  
ET L'HOMME



## CONTEXT

**The automotive sector is at a key turning point in its history. The industry has lost 100,000 jobs in the past 10 years alone, and many more are set to go in the years to come, regardless of which specific policies are implemented. The industrial policies and strategies of key players are now being called into question, alongside our delayed conversion to electric.**

For the first time in 2020, the share of electric and hybrid vehicles entering the market exceeded the 10% mark on the European market and in France. An expected shift, which represents a key step in committing to the decarbonisation of transport. To achieve climate targets, this conversion to electric must be accelerated now and in the years to come, while turning resolutely to the circular economy by promoting reuse, recycling and restraint. In fact, the combustion engine market is set to progressively dry up as a result of European standards on CO<sub>2</sub> emissions. If the European Commission's proposal is accepted by Member States, by 2035, 100% of vehicles entering the European market will have to be 'zero emission'.

In France, this acceleration represents an unprecedented challenge for the automotive industry, and the sector as a whole, services included. The

future of cars is at stake. In just 10 years, 100,000 jobs have been lost from the French automotive industry as a whole, making it the number 1 sector in France for job losses. Short-term prospects are mixed – whichever policy is pursued by 2030, the car sector will lose jobs.

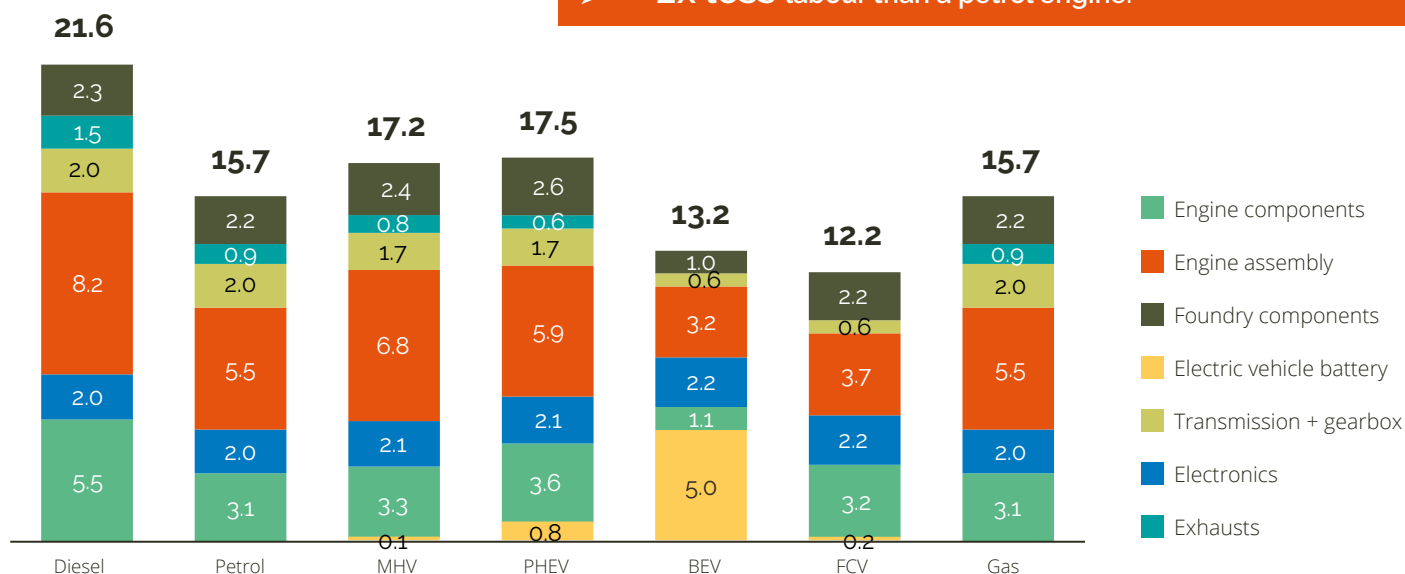
The main factor behind declining activity and jobs lies in international decisions taken by major players in the sector: offshoring, sourcing supplies from low-cost countries, as well as abandoning smaller model production. Our analysis also highlights the stalemate in French industrial policy, which relies solely on the enterprising nature of economic stakeholders, without being able to set out concrete and common objectives, as well as the lack of a coordinated European industrial strategy, which sustains social dumping practices and offshoring within the European Union.

### EMPLOYMENT INDICES BY ACTIVITY AND TECHNOLOGY

per 1,000 engines

#### *Producing an electric engine involves:*

- 60% less labour than a diesel engine (without battery).
- 2x less labour than a petrol engine.

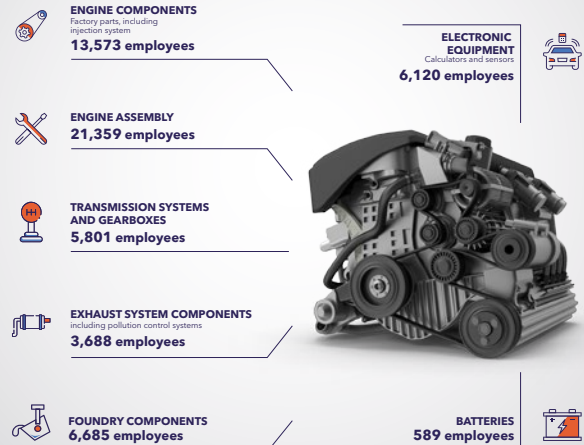


However, the opportunities related to electromobility in the coming decade are real, providing up to 15,000 jobs in battery production, 9,000 in recycling, 5,700 in retrofitting... according to our initial estimates.

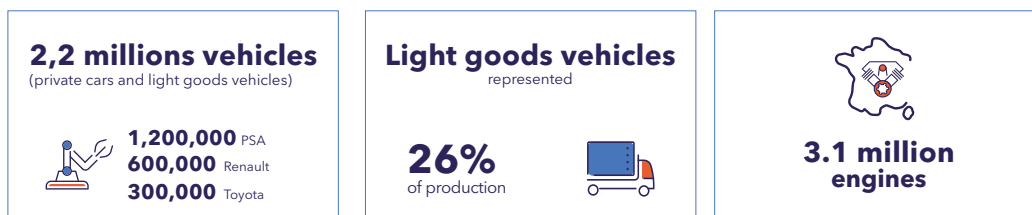
So, what conditions are needed to ensure no one – and particularly no employee – is left behind, and to make the ecological transition a driving force for employment?

The automotive industry is at a crossroads. The time has come to solve a conundrum: how to decarbonise the automotive sector by 2050 while promoting industrial activity and long-term employment. In other words, how can we collectively build the prospect of a successful future for employees and the regions.

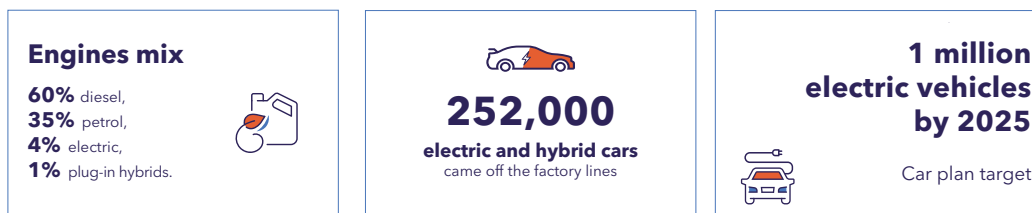
## THE ENGINE SECTOR IN FRANCE IN 2019



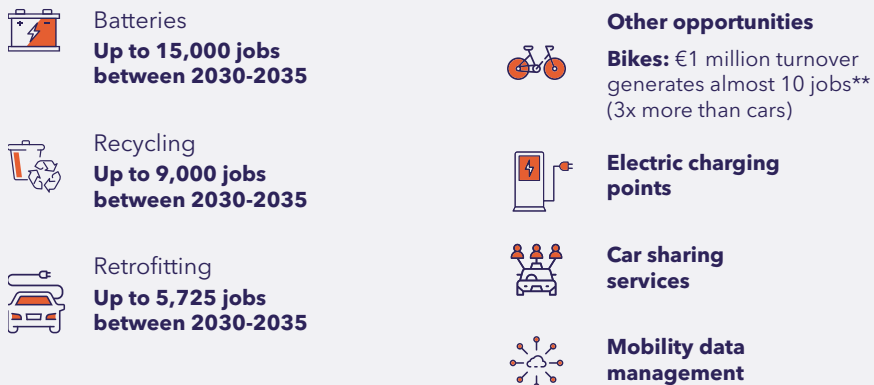
## FRENCH PRODUCTION (2019)



## PLUG-IN HYBRIDS AND ELECTRICS (2019)



## POTENTIAL JOBS CREATED BY SWITCHING TO ELECTRIC



\*\*OMS - The PEP, 2014

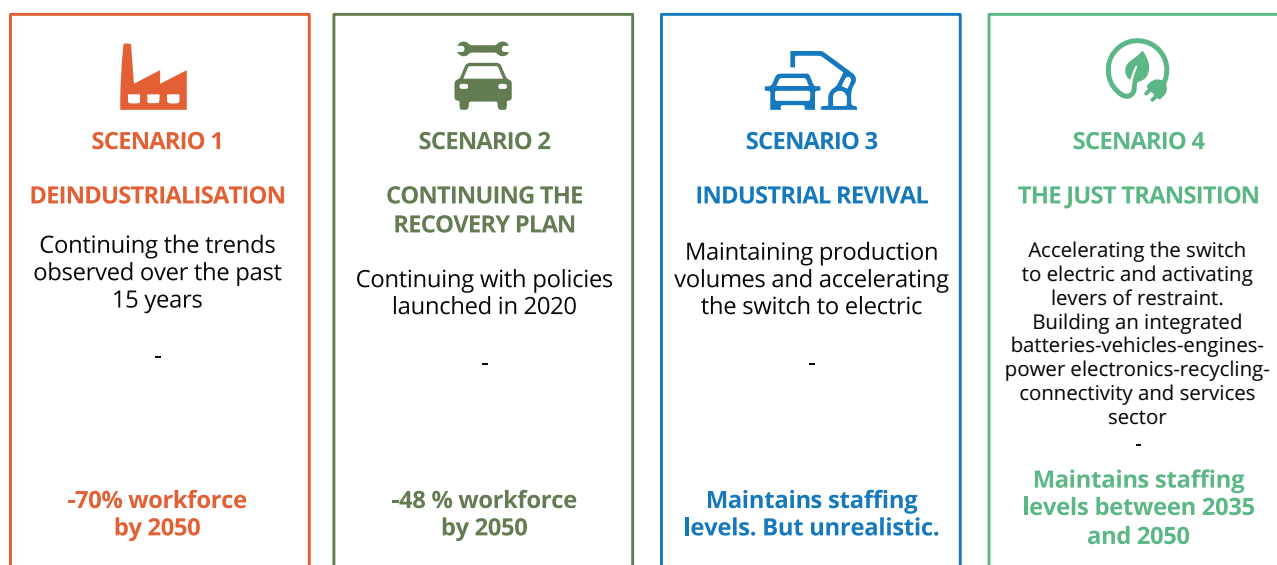
## Sources of employment:

- Establishing an integrated battery-engine-assembly-recycling value chain.
- Relocating supplies. However, skills are not automatically transferrable from one role to another. The priority over the next 5 years must be to support employees from all companies, including training, conversion and preserving their skills.

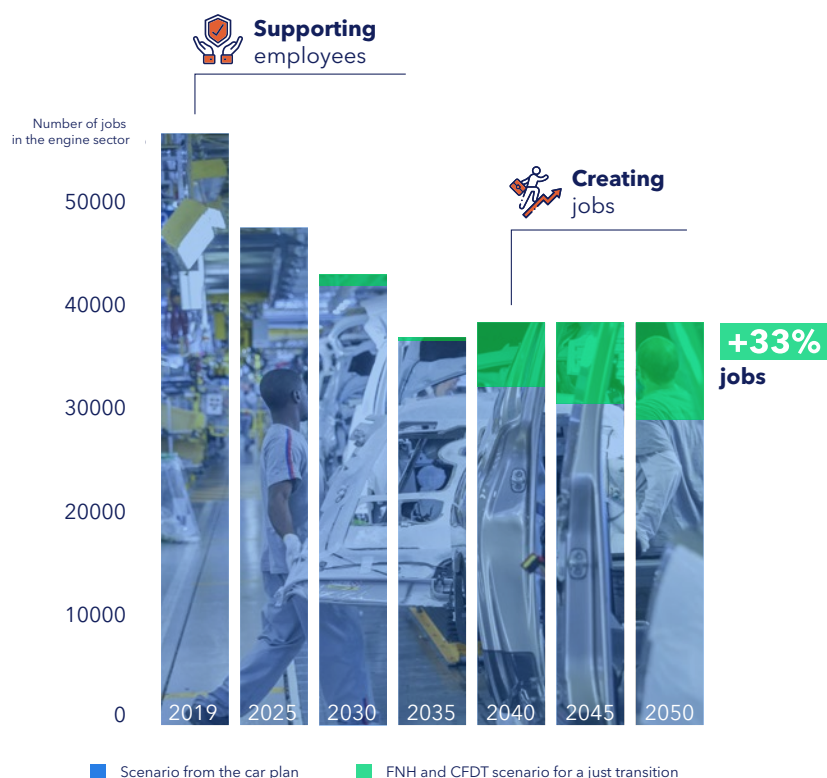


## OUR JUST TRANSITION SCENARIO

**By genuinely engaging in the ecological transition, the French automotive industry could re-establish itself with a positive effect on employment. A just transition, negotiated between all stakeholders, as put forward by FNH and CFDT, will – in the long term – create a sustainable industry, alongside the jobs that come with it.**



*This work confirms that the continuation of current trends (scenario 1) could quite simply mean the end of the French car industry. The current industrial policy, launched back in 2020 (scenario 2), does not put a stop to offshoring or offer a response to the climate emergency – the plan does not move away from fossil fuels, and the desire to keep hybrids beyond the climate deadlines only fuels the illusion of a ‘soft’ transition.*



To contribute to the debate, *Fondation for Nature and Mankind* and *CFDT Métallurgie* have begun a dialogue and have analysed the French engine sector in order to explore its potential futures, looking at **4 contrasting scenarios** in particular.

By exploring two further ambitious scenarios (scenarios 3 and 4) on an industrial and environmental level, our forecasts highlight the need to anticipate, from now on, the total decarbonisation of automobindustry, alongside the need for restraint, which will guide how our resources and usage are managed. **In tomorrow's world, competitiveness will increasingly hinge on the ability to reduce consumption of both energy and materials.**



Our prospective analysis, shared and negotiated, lays the foundations for a new path, which we call the 'just transition' (scenario 4). This scenario is characterised by:

- **An assumed ecological transition:** as of now, this involves accelerating the shift towards electric with the goal of 100% zero-emission new vehicles by 2035 and setting a course towards restrained production and usage: the circular economy, reusing, relocating supplies, recycling, developing sharing services.
- **Restructuring the sector's production capacities around electromobility to maintain and relocate industrial activity in France.** In 2030, 2.3 million engines will be produced in France for 2 million assembled electric vehicles, with around 100GWh of battery production. A dynamic electromobility sector could have a pos-

itive impact on the country's economic fabric (subcontractors, services...).

**Our projections show that a just transition policy would halt the decline of the engine sector** in the coming years and, by 2030, unlike the current trend scenario, would actually see a 4-point gain on protected jobs. Indeed, numerous jobs could be created between 2035 and 2050. At the end point of our just transition scenario, 2050, the engine sector would have 33% more jobs compared to a scenario of continuing with current policy.

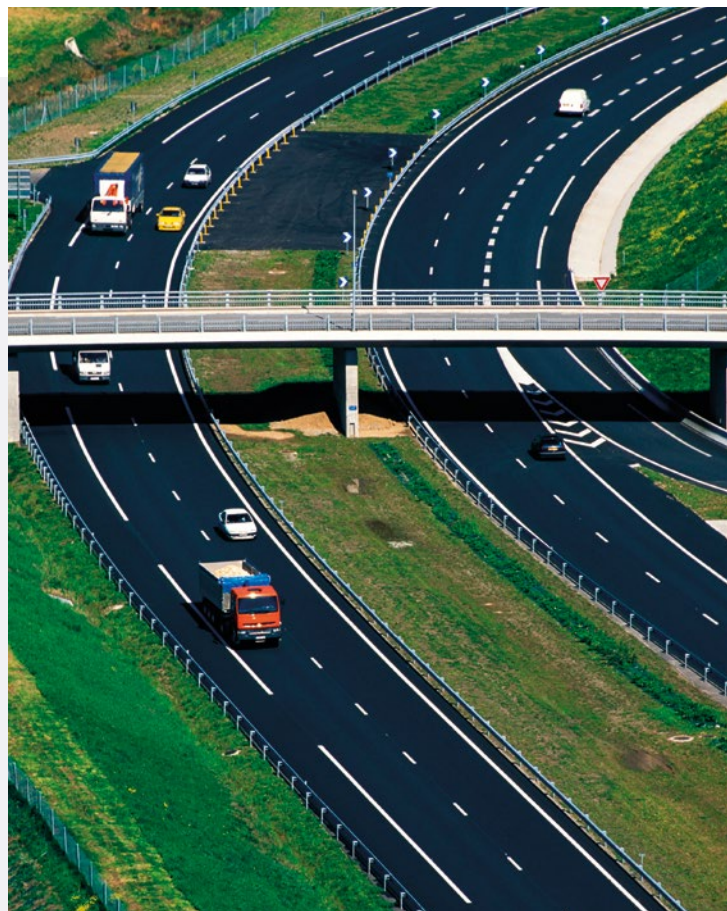
However, this would require particular care and attention for employees over the coming 10 years, including training them, converting to other tasks, and preserving their skills. Such a dynamic electromobility sector could have a positive impact on the automotive industry and the country's economic fabric as a whole (subcontractors, services...).



## OUR ROADMAP

In order to implement this just transition scenario, FNH and CFDT are proposing a roadmap that will:

- **Create the conditions for relocation:** this requires a deal between companies and the government, by way of eco-conditionality on public money, mobilising in favour of Made-in-France (converting fleets and public procurement).
- **Support all employees from now on,** regardless of their status, providing easy access to training and conversion tools. A shrinking combustion industry is already a reality and, in particular, in the engine sector, which is expected to see an estimated 10,000 jobs go within 5 years. But the question is – what do we do with all those skills and all that expertise? This decline needn't be synonymous with job losses. The majority of current employees have skills that will be useful – even essential – to reindustrialisation. The challenge for industry is there for the taking: prepare the skills for the electromobility sector of tomorrow (focussing on electric, digital, etc.).
- **Push for open governance:** the collective mobilisation of stakeholders in society for industrial relocation will be the spearhead of a new form of solidarity within the sector. Regional stakeholders, as centres of competition, must work with businesses and the unions in the context of regional social conferences. The first stage in beginning a just transition is essential – establishing an automotive general assembly, as demanded by FNH and CFDT, so that, finally, all stakeholders affected by the future of this sector can set a course for the future together and revive France's industrial strategy.



*Our scenario for a just transition is based on a method of analysis that is both quantitative and qualitative using statistical data and information collected from stakeholders in the automotive industry. It is the unprecedented result of a compromise, a collective adjustment keen to respect – in line with the various deadlines before us, 2030 and 2050 – environmental targets and the needs of the men and women who make up the automotive industry.*

[Online on the FNH website](#)



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